

ANNUAL FINANCIAL STATEMENTS

**RICHMOND
MUNICIPALITY**

30 JUNE 2005

RHM05AFS/31/08/05

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GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Councillor/Alderman:

B G Biggs (resigned June 2005)

N S Khoza (till August 2004)

D B Mchunu

S Mkhize

B Mngadi (from November 2004)

R Naidoo

B Ngcongo

M Nsindane

Q Nxele

D R Phoswa

M P Vezi

MAYOR: Councillor J B Mtolo

SPEAKER: Councillor Dr A Ragavaloo

DEPUTY MAYOR: N C Ngubo (resigned June 2005)

GRADING OF LOCAL AUTHORITY

Grade 4

AUDITORS

Auditor-General

BANKERS

First National Bank.

REGISTERED OFFICE

Memorial Hall Private Bag X1028 Telephone: 033-2122155

57 Shepstone St Fax no.: 033-2122102

RICHMOND 3780

MUNICIPAL MANAGER

Adv. T J Nerie (from April 2005)

G C Janse van Vuuren (Acting)

TOWN TREASURER

MUNTRA CC

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 3 to 23 were approved by the Municipal

Manager on 31 March 2005 and presented to and approved

by Council on 2005.



CHIEF EXECUTIVE OFFICER
(Accounting Officer)



Registered Municipal Accountant
(Associate)

TREASURER'S REPORT

1

OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2005 are as follows:

Income:	R	%
Actual 2004	13,352,546	
Actual 2005	14,418,282	
Variance (%)		8.0
Budget 2005	16,883,006	
Actual 2005	14,418,282	
Variance (%)		(14.6)
Expenditure:	R	%
Actual 2004	12,437,187	
Actual 2005	11,441,548	
Variance (%)		(8.0)
Budget 2005	16,657,769	
Actual 2005	11,441,548	
Variance (%)		(31.3)

The comparative figures for the previous year, and the Budget, includes the operating Income and Expenditure in respect of Water and Sanitation, which have been excluded from the Actual results, resulting in the variances reflected above.

The Surplus for the year of R 2 976 734, with Adjustments in respect of prior years and transfer, increased the Accumulated Surplus from R 1 418 824 to R 5 003 277 at 30 June 2005.

1.1 Rate and General Services

Income:	R	%
Actual 2004	11,833,077	
Actual 2005	14,418,282	
Variance (%)		21.8
Budget 2005	14,929,569	
Actual 2005	14,418,282	
Variance (%)		(3.4)
Expenditure:	R	%
Actual 2004	10,500,975	
Actual 2005	11,441,548	
Variance (%)		9.0
Budget 2005	14,666,021	
Actual 2005	11,441,548	
Variance (%)		(22.0)

The increase in Income is mostly a result of the Equitable Share allocation increase, which afforded Council the opportunity to finance the desired Human resources for increased efficiency in service delivery to the community.

Considerable savings were achieved on payroll, due to vacancies, including the Municipal Manager's post.

1.2 Trading Service - Water

Income:	R	%
Actual 2004	1,519,469	
Actual 2005	0	
Variance (%)		(100.0)
Budget 2005	1,953,437	
Actual 2005	0	
Variance (%)		(100.0)
Expenditure:	R	%
Actual 2004	1,936,212	
Actual 2005	0	
Variance (%)		(100.0)
Budget 2005	1,991,748	
Actual 2005	0	
Variance (%)		(100.0)

The Water Service was transferred to the Umgungundlovu District Municipality.

(Further details of Income and Expenditure can be obtained in Annexures D and E).

2 CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the year amounted to R 25 761 091. This expense includes R 717 086 incurred on behalf of the District Municipality on Water and Sanitation projects, leaving a net expense of R 25 044 005. The bulk of this expense consists of the Housing Development of R 14 137 894 at Siyathuthuka and Argosy farm Housing developments, Buildings (including the capitalisation of the Resource Centre) of R 5 564 343, and the Waste disposal site of R 4 516 022.

Council purchased certain properties during the year, in settlement of arrear Rates, which expense is reflected as Public Improvement Fund assets.

Resources used to finance the fixed assets were as follows:

	2005 ACTUAL R	2005 BUDGET R	2004 ACTUAL R
Capital Development Fund (advances)	232,306	308,000	374,946
Contributions from Current Income	39,338	39,000	263,322
Government Grants	5,361,768	750,000	19,543,080
CMIP	18,653,913	25,613,745	1,799,163
Transitional Grant	586,268	332,500	529,976
Library Grant	0	0	192,709
Public Improvement Fund	71,656	0	154,104
Lotto Distribution Fund	98,756	1,100,000	0
External Loans	0	1,000,000	0
	<u>25,044,005</u>	<u>29,143,245</u>	<u>22,857,300</u>

The variances between the Estimated and Actual resources utilised to fund Capital expenditure can be ascribed to the following factors:

The actual capital expenditure constitutes 86 % of the estimated amount, which is due to the delays experienced in the Siyathuthuka Housing Project.

The Resource Centre was completed during the year, and the expense incurred on behalf of the Municipality (R 4 961 560) was capitalised in this financial year. This expense was incorporated in the Adjustment budget(as approved by Council).

The Roads and Stormwater Drains Projects, to be financed from external loans, were not embarked upon during this financial year, and alternative sources of financing are still pursued in this respect.

It was also decided to finance certain capital expenditure from the available funds in the Transitional Grant rather than Capital Development Fund Advances, to obtain savings on the Capital charges for ensuing years.

(Further details of Capital Income and Expenditure can be obtained in Annexure C).

3 EXTERNAL LOANS, INVESTMENTS AND CASH

The external loans outstanding on 30 June 2004 amounted to R 173 416.

These loans relate to Water and Sanitation, and was transferred to the District.

Investments amounted to R 10 810 373 on 30 June 2005 (R 4 882 628 in 2004).

Cash on hand amounted to R 1 206 at 30 June 2005 (R 1 206 in 2004).

Bank overdraft amounted to R 827 111 at 30 June 2005 (R 499 695 in 2004).

The Council's bankers manage the cash requirements on a daily basis and the overdraft is therefore of a technical nature, and was corrected on 1 July 2005.

4 FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in appendix A and notes (1 to 2) to the financial statements.

5 APPRECIATION

My sincere thanks to the Council for their support during the year in the management of the Financial function, and to the Treasury staff for their dedication and hard work that made these results possible.



D.G.H. Nolte CPA (SA) AIMFO
Financial Manager (MUNTRA CC)

ACCOUNTING POLICIES

1. Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Financial Statements for Local authorities (2nd edition 1996, as amended)
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note three hereunder. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis:
 - Income is accrued when measurable and available for finance in the future. Certain direct income is accounted for when received, such as traffic fines.
 - Expenditure is accrued in the year it is incurred.
- 1.4 All amounts disclosed are rounded off to the nearest Rand, and actual amounts were entered for this purpose.

2. Consolidation

The balance sheet includes the Rate and General services, Trading services and the different funds, reserves and provisions. All inter departmental charges are set-off against each other.

3. Fixed Assets

- 3.1 Fixed Assets are stated:
 - at historical cost, or
 - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation.
 - while they are in existence and fit for use.

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various internal funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited to the Capital Development Fund.

3.4 Capital assets are financed from different sources, including external loans, operating income, contributions and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. Stock

Stock is valued at cost, determined on the weighted average basis. Stock is accounted for on a monthly basis in the ledger, and a continuous stock system is not operated.

5. Funds and Reserves

5.1 Capital Development Fund

The Local Authorities Ordinance No. 25 of 1974, requires a minimum contribution of 3.0 percent of Revenue income of a local authority for the financial year.

5.2 Loan Redemption Fund

This fund was discontinued, as Council has no Stock loans outstanding. Internal loans are repaid in relation to the life of the asset. Redemption on external loans is paid half yearly on an annuity basis, and the period of the loans were originally equated to the life of the assets financed.

5.3 Public Improvement Fund

The Local Authorities Ordinance No. 25 of 1974, stipulates that this fund be maintained in respect of all property belonging to the Board, which is not utilised for a specific purpose relating to the provision of services. Fifty percent of all interest earned by this Fund is credited to Rate and General Services revenue account.

5.4 Reserves

5.4.1 Loss of Rentals Reserve

An amount equal to one months total Rental receivable was contributed to this Reserve on an annual basis. Contributions were discontinued.

5.4.2 Community Facilities Reserve

An amount equal to 1 % (one percentum) of the Annual rental was contributed to Reserve on an annual basis. Contributions were discontinued.

5.5 Cemetery Trust Fund

Burial levies collected during the year accrue to the credit of this fund. Interest earned on the investments of this Fund is credited to the Revenue account.

5.6 Provisions

Provision is made for the Leave accumulated at the monetary value. The Provision for Bad Debts was adjusted to reflect the non-payment levels of the various categories of Debtors as a percentage of outstanding balances. The Audit provision was retained at the expected cost of the External Audit.

5.7 Housing Operating Account

This account is operated in terms of the Housing Act, Act No. 107,1997.

6. Surpluses and Deficits

Any surplus or deficit arising from the operation of the various services are retained in those services for their own use.

7. Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services in accordance with the estimated time spent and cost of facilities used.

8. Leased Assets

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

9. Investments

Investments are shown at cost, and are invested as per the Local Authorities Ordinance No. 25 of 1974.

10. Income recognition

10.1 Water Billings

Meters on all properties are read and billed monthly.

10.2 Assessment Rates

The Council applies a differential rating system. In terms of this system the assessment rates are levied on the Land value of properties, and rebates are granted according to the use to which a particular property is put.

10.3 Other services

Economic services like Refuse and Sewerage are charged out on a monthly basis.

BALANCE SHEET AT 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		5,675,860	6,492,546
Accumulated funds	1	5,675,860	6,492,546
Reserves	2	0	0
(ACCUMULATED DEFICIT)/RETAINED SURPLUS	18	5,003,277	1,418,826
		10,679,138	7,911,373
HOUSING OPERATING ACCOUNT	3	158,348	154,122
TRUST FUNDS	4	209,964	187,064
LONG-TERM LIABILITIES	5	0	160,783
DEPOSITS	6	6,133	99,436
		11,053,583	8,512,778
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	7	3,874,892	5,933,316
INVESTMENTS(Long-term)		0	0
LONG-TERM DEBTORS	9	4,720	4,820
		3,879,612	5,938,136
NET CURRENT ASSETS/ LIABILITIES		7,173,971	2,574,642
CURRENT ASSETS		14,644,096	8,231,120
Inventory	10	42,757	57,253
Short-term Investments	8	10,810,373	4,882,628
Debtors	11	3,789,760	3,290,033
Cash on Hand and at Bank		1,206	1,206
CURRENT LIABILITIES		7,470,124	5,656,478
Provisions	12	978,039	1,041,094
Creditors	13	5,664,974	4,103,056
Bank overdraft		827,111	499,695
Loans: short-term portion	5	0	12,633
		11,053,583	8,512,778

INCOME STATEMENT FOR THE YEAR ENDED

30 JUNE 2005

2004 Actual income R	2004 Actual expenditure R	2004 Surplus/ (Deficit) R		2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (Deficit) R	2005 Budget Surplus/ (Deficit) R
11,833,077	10,500,975	1,332,102	RATE AND GENERAL SERVICES	14,418,282	11,441,548	2,976,734	263,548
11,114,950	9,482,735	1,632,215	Community services	14,413,013	11,113,210	3,299,803	635,770
3,206	345,425	(342,219)	Subsidised services	5,269	328,338	(323,069)	(364,517)
714,921	672,815	42,106	Economic services	0	0	0	(7,705)
0	0	0	HOUSING SERVICES	0	0	0	0
1,519,469	1,936,212	(416,743)	TRADING SERVICES	0	0	0	(38,311)
<u>13,352,546</u>	<u>12,437,187</u>	<u>915,359</u>	TOTAL	<u>14,418,282</u>	<u>11,441,548</u>	<u>2,976,734</u>	<u>225,237</u>
		15,724	Appropriations for this year			607,717	
		931,083	Net surplus/(deficit) for the year			3,584,451	
		487,741	Accumulated surplus/(deficit) beginning of the year			1,418,824	
		<u>1,418,824</u>	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			<u>5,003,275</u>	

(Refer to appendix D and E for more detail)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES:		30,817,751	23,985,858
Cash generated by operations	19	2,358,947	2,076,119
Investment income		657,020	351,153
(Increase)/decrease in working capital	20	1,099,488	(482,694)
		4,115,455	1,944,578
Less: External interest paid		0	15,826
Cash available from operations		4,115,455	1,928,752
Cash contributions from the State		26,645,171	22,057,106
Cash contributions from the Public		12,625	
Net proceeds on disposal of fixed assets		44,500	
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets		(25,044,005)	(22,857,300)
NET CASH FLOW		<u>5,773,745</u>	<u>1,128,558</u>
CASH EFFECTS OF FINANCING ACTIVITIES:			
Increase/(decrease) in long-term Loans	21	(173,416)	(12,317)
(Increase)/decrease in cash investments	22	(5,927,745)	(1,112,863)
(Increase)/decrease in cash	23	327,416	(3,378)
Net cash (generated)/utilised		<u>(5,773,745)</u>	<u>(1,128,558)</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
1 ACCUMULATED FUNDS		
Capital Development Fund	3,328,982	4,168,093
Public Improvement Fund	2,346,879	2,324,454
(Refer to appendix A for more detail)	<u>5,675,860</u>	<u>6,492,546</u>
2 RESERVES		
Planning	0	0
Illumination Reserve	0	0
(Refer to appendix A for more detail)	<u>0</u>	<u>0</u>
3 HOUSING OPERATING ACCOUNT		
Proceeds Sale of Assets	52,416	48,190
Loss of rental	33,125	33,125
Community facilities	57,522	57,522
Appropriation account	15,285	15,285
(Refer to appendix A for more detail)	<u>158,348</u>	<u>154,122</u>
4 TRUST FUNDS		
Cemetery Trust fund	209,964	187,064
(Refer to appendix A for more detail)	<u>209,964</u>	<u>187,064</u>
5 LONG TERM LIABILITIES		
Short term loans (Stock)	0	0
Annuity Loans	0	173,416
	<u>0</u>	<u>173,416</u>
Less: Current portion transferred to		
Current liabilities	0	12,633
Short term loans	0	0
External Loans	0	12,633
(Refer to appendix B for more detail)	<u>0</u>	<u>160,783</u>
Annuity loans carry interest at rates varying between 7% and 10% per annum, and are repayable over periods of between 30 and 40 years. The majority of the loans will be repaid after 30 June 2009.		
6 DEPOSITS		
- Water Consumers	0	94,810
- Other	6,133	4,626
	<u>6,133</u>	<u>99,436</u>

There were no guarantees in lieu of water deposits.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (CONTINUED)

	2005 R	2004 R
7 FIXED ASSETS		
Fixed assets at the beginning of the year	75,100,122	52,218,327
Capital expenditure during the year	25,761,091	22,857,300
Less: Assets written off, transferred or disposed of during the year	<u>(3,621,437)</u>	<u>24,495</u>
Total fixed assets	97,239,777	75,100,122
Less: Loans redeemed and other capital receipts	<u>93,364,885</u>	<u>69,166,806</u>
Net fixed assets	3,874,892	5,933,316
(Refer to appendix C and section 2 of the Treasurer's Report for more details on fixed assets)		

8 INVESTMENTS

Unlisted

Short and Medium term deposits	10,810,373	4,882,628
Municipal stock	<u>0</u>	<u>0</u>
	10,810,373	4,882,628

Average gross rate of return on investments	<u>8,4 %</u>	<u>8,1 %</u>
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Section 125 of the Local Authorities Ordinance, No. 25 of 1974, requires local authorities to invest funds, which are not immediately required, with prescribed institutions.

9 LONG TERM DEBTORS

Housing loans	4,720	4,820
Vehicle Loans	<u>0</u>	<u>123,543</u>
	4,720	128,363
Less: Short term portion	<u>0</u>	<u>123,543</u>
	4,720	4,820

10 INVENTORY

Stock represents consumable stores, raw materials and finished goods.

	<u>42,757</u>	<u>57,253</u>
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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (CONTINUED)

11 DEBTORS	2005 R	2004 R
Current debtors (Rates)	1,169,172	1,679,317
Current debtors (consumer)	325,265	1,129,818
Current debtors (Other)	1,007,531	487,231
District Municipality	1,471,012	0
Short-term portion of Long-term Debtors	0	123,543
Grant Receivable	18,654	36,064
uMsekeli Clearance	0	1,849
Value Added Tax	175,334	325,424
	<u>4,166,968</u>	<u>3,783,245</u>
Less: Provision for Bad debts	<u>377,208</u>	<u>493,212</u>
	<u><u>3,789,760</u></u>	<u><u>3,290,033</u></u>

No amounts were written off as bad debts during the year.

Provision for Bad debts decreased with the exclusion of Water/Sewer debtors.

Days outstanding in Current debtors amount to 150 days (171 in 2003).

12 PROVISIONS

Leave payments	414,446	536,254
Job Evaluation	299,969	225,505
Audit fee	263,624	279,335
	<u>978,039</u>	<u>1,041,094</u>

(Refer to appendix A for more detail)

13 CREDITORS

Trade Creditors	98,681	149,283
Rates and Consumer Debtors	31,355	54,537
District Municipality	408,909	0
Unspent Grants	5,047,201	3,114,455
Transitional Grant	0	606,985
Value Added Tax	78,828	177,797
	<u>5,664,974</u>	<u>4,103,056</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (CONTINUED)

14 ASSESSMENT RATES

	Site valuations at 1 July 2004 R'000	Actual income 2005 R	Actual income 2004 R
Rateable Land	8,641	2,733,594	2,906,849

Valuations on land and buildings are performed every five years.
 The last valuation came into effect on 1 July 2000.
 The basic rate was 39,04c per Rand on land only.
 Rebates were granted as follows:
 Residential - 30 %
 The State receives a rebate of 20 % on their properties.
 Pensioners were granted rebates according to a standard formula.
 The Water rate was 3,27c per Rand on land only.

15 AUDITORS' REMUNERATION

Audit fees	170,792	195,017
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16 COUNCILLORS' REMUNERATION

	2005 R	2004 R
Mayor's allowance	67,067	65,689
Deputy Mayor's allowance	53,654	50,617
Councillors' allowances	744,263	788,777
	864,984	905,083

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (CONTINUED)

17 FINANCE TRANSACTIONS

	2005 R	2004 R
(a) Total external interest earned or paid:		
Interest earned	657,020	351,153
Interest paid	0	15,826
Net external interest earned/(paid)	<u>657,020</u>	<u>335,327</u>
(b) Capital charges debited to operating account:		
Interest: External	0	15,826
Internal	260,596	313,106
Redemption: External	0	12,317
Internal	363,988	402,276
	<u>624,585</u>	<u>743,524</u>

All External loans were transferred to Umgungundlovu District Municipality.

18 APPROPRIATIONS

Appropriation account		
Accumulated surplus at the beginning of the year	1,418,826	487,743
Operating surplus/(deficit) for the year	2,976,734	915,359
Prior year adjustments	607,717	15,724
	<u>5,003,277</u>	<u>1,418,826</u>
Operating account		
Capital expenditure	39,338	263,322
Contributions to:		
Provisions (Appendix A)	528,604	1,288,733
Reserves (Appendix A)	0	0
Capital Development Fund	0	0
	<u>567,942</u>	<u>1,552,055</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (CONTINUED)

	2005 R	2004 R
19 CASH GENERATED BY OPERATIONS		
(Deficit)/surplus for year	2,976,734	915,359
Adjustments in respect of:		
Previous years' operating transactions	607,717	15,724
Appropriations charged against income:	453,169	1,552,055
. Capital Development Fund	0	0
. Provisions and reserves	413,831	1,288,733
. Fixed Assets	39,338	263,322
Capital Charges:		
. Interest paid:		
- to internal funds	260,596	313,106
- on external funds	0	15,826
. Redemption		
- of internal advances	363,988	402,276
- of external loans	0	12,317
Investment income (operating account)	(516,432)	(470,780)
Non-operating income:		
. Statutory and Trust Funds	80,025	34,850
. Housing Operating Account	4,226	3,570
Non-operating expenditure:		
. Statutory and Trust Funds	(1,163,414)	0
. Provisions and reserves	(707,663)	(718,183)
. Housing Operating Account	0	0
	<u>2,358,947</u>	<u>2,076,119</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (CONTINUED)

	2005 R	2004 R
20 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	14,496	(8,878)
(Increase)/decrease in debtors	(383,623)	(597,669)
Increase/(decrease) in deposits	(93,303)	2,941
Increase/(decrease) in creditors	1,561,918	120,912
	<u>1,099,488</u>	<u>(482,694)</u>
21 INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised	0	0
Loans repaid	(173,416)	(12,317)
	<u>(173,416)</u>	<u>(12,317)</u>
22 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT		
Investment realised	49,404,446	26,872,354
Investment made	55,332,191	27,985,217
	<u>(5,927,745)</u>	<u>(1,112,863)</u>
23 (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at beginning of the year	(498,489)	(501,867)
Less: Cash balance at the end of the year	(825,905)	(498,489)
	<u>327,416</u>	<u>(3,378)</u>

Bank overdraft at yearend is of a purely technical nature, as it includes outstanding cheques in the cashbook, and a transfer from Call account at the Bank, which manages the cash on a daily basis. No facility has been arranged, as it is not required.

24 CONTINGENT LIABILITY

Council provided a Letter of Suretyship to First National Bank to assist Mr. D.A. Ragavaloo, the Senior Law Enforcement Officer, to obtain a Home loan, in terms of Section 111(r) of the Local Authorities Ordinance, Ord. 25 of 1974. Council's liability is limited to R 20 000.

APPENDIX A

ACCUMULATED FUNDS, RESERVES AND PROVISIONS

	Balance at 30/6/2004 R	Contributions during the year R	Interest on investments R	Other income R	Expenditure during the year R	Balance at 30/6/2005 R
ACCUMULATED FUNDS						
Capital Development Fund	4,168,093		289,603		1,128,714	3,328,982
Public Improvement Fund	2,324,454			57,125	34,700	2,346,879
	<u>6,492,546</u>	<u>0</u>	<u>289,603</u>	<u>57,125</u>	<u>1,163,414</u>	<u>5,675,860</u>
RESERVES						
Planning	0					0
Illumination Reserve	0					0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
HOUSING OPERATING ACCOUNT						
Proceeds Sale of Assets	48,190			4,226		52,416
Loss of rental	33,125					33,125
Community facilities	57,522					57,522
Appropriation account	15,285					15,285
	<u>154,122</u>	<u>0</u>	<u>0</u>	<u>4,226</u>	<u>0</u>	<u>158,348</u>
TRUST FUNDS						
Cemetery Trust fund	187,064			22,900		209,964
	<u>187,064</u>	<u>0</u>	<u>0</u>	<u>22,900</u>	<u>0</u>	<u>209,964</u>
PROVISIONS						
Leave payments	536,254	93,839			215,647	414,446
Bad debts	493,212	99,996			216,000	377,208
Job Evaluation	225,505	114,773			40,309	299,989
Audit fee	279,335	219,996			235,707	263,624
	<u>1,534,307</u>	<u>528,604</u>	<u>0</u>	<u>0</u>	<u>707,663</u>	<u>1,355,248</u>

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance at 30/6/2004 R	Received during the year R	Redeemed or written off of during the year R	Balance at 30/6/2005 R
LOCAL REGISTERED STOCK	0	0	0	0
Rate and General Service	0	0	0	0
Public Improvement Fund	0	0	0	0
ANNUITY LOANS	173,416	0	173,416	0
Rate and General Service-Sewer	169,085	0	169,085	0
Water Service	4,331	0	4,331	0
Public Improvement Fund	0	0	0	0
	173,416	0	173,416	0

INTERNAL ADVANCES TO BORROWING SERVICES	Balance at 30/6/2004 R	Received during the year R	Redeemed or written off of during the year R	Balance at 30/6/2005 R
Capital Development Fund:				
-To Rate and General	2,734,939	232,306	471,034	2,496,211
-To Water Service	419,974		419,974	0
	3,154,913	232,306	891,008	2,496,211

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2004 R	SERVICE	Budget 2005 R	Balance at 30/6/2004 R	Expenditure 2005 R	Written off transferred redeemed or disposed of during the year R	Balance at 30/6/2005 R
3,477,011	RATE AND GENERAL SERVICES	12,091,870	27,202,361	10,866,053	876,864	37,191,550
840,154	Community Services	2,407,100	20,857,235	725,874	28,280	21,554,048
85,547	Administration	10,000	756,058	43,547		799,605
	Financial Services		0	30,358		30,358
	Corporate Services		0	81,966		81,966
	Community Services		0	8,626		8,626
	Council	51,000	224,245	17,055	200	241,100
	Licensing		1,497			1,497
147,391	Traffic Services	208,000	259,760	181,761		441,521
7,750	Planning	1,500	7,750			7,750
	Public Health	4,000	14,233	4,098	18,331	0
33,788	Technical Services	50,000	120,859	8,626		129,486
416,430	Estates	1,150,000	1,741,774	131,356	2,928	1,870,202
149,248	Roads, pavements, kerbs	932,600	17,731,058	217,679	6,801	17,941,936
2,260,522	Subsidised Services	5,641,400	4,802,515	5,597,458	19,058	10,180,914
3,730	Cemetery		34,539			34,539
	Fire Protection		67,219		1,605	65,614
397,344	Library	30,000	444,860	33,114		477,974
1,859,448	Municipal Buildings	5,611,400	4,055,896	5,564,343	17,453	9,602,786
	Museum		0			0
			4,055,962			
376,335	Economic Services	4,043,370	1,742,612	4,543,522	829,546	5,456,588
	Sewerage	30,000	797,592	27,500	825,092	0
376,335	Refuse removal	4,013,370	945,020	4,516,022	4,454	5,456,587
18,871,761	HOUSING SERVICES	20,500,000	43,268,371	14,137,894	0	57,406,285
18,208,581	Argosy Farm scheme		41,784,513	609,104		42,393,617
663,181	Siyathuthuka Scheme	20,500,000	1,397,253	13,528,790		14,926,043
	Thornville scheme	0	86,605			86,605
354,424	TRADING SERVICES	1,100,375	2,024,384	685,488	2,709,873	0
354,424	Water	1,100,375	2,024,384	685,488	2,709,873	0
154,104	PUBLIC IMPROVEMENT FUND	750,000	2,605,006	71,856	34,700	2,641,962
22,857,300	TOTAL FIXED ASSETS	34,442,245	75,100,122	25,761,091	3,621,437	97,239,777
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		69,166,806	27,310,820	3,112,741	93,364,885
	Loans redeemed and advances paid		3,349,417	439,718	1,251,330	2,537,805
	Contributions ex operating income		515,726	70,935	268,607	318,054
	Grants and subsidies		64,595,331	26,800,167	1,159,039	90,236,459
	Public contributions		295,724		237,908	57,816
	Provisions and reserves		24,633			24,633
	Endowments		149,129		149,129	0
	Miscellaneous		236,846		46,726	190,116
	NET FIXED ASSETS		5,933,316	(1,549,728)	508,696	3,574,892

APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2005

Actual 2004 R		Actual 2005 R	Budget 2005 R
INCOME			
	Government and Provincial grants and subsidies		
6,200,242		9,166,344	9,123,414
2,906,849	Rates	2,733,594	3,046,674
2,130,231	Income from tariffs and service charges.	527,776	2,276,041
2,115,225	Other Income	1,990,568	2,436,877
<u>13,352,547</u>		<u>14,418,282</u>	<u>16,883,006</u>
EXPENDITURE			
	Salaries, wages and allowances		
7,152,049		6,537,867	8,754,905
	General expenses		
193,993	- Bulk Water	0	161,357
2,932,140	- Other	4,770,962	6,195,969
706,542	Repairs and maintenance	585,194	796,605
743,525	Capital charges	624,584	781,639
263,322	Contributions to fixed assets	39,338	77,000
1,024,995	Contributions	413,631	503,220
<u>13,016,566</u>	Gross expenditure	<u>12,971,776</u>	<u>17,270,695</u>
(579,378)	Less: Amounts charged out	(1,530,228)	(612,926)
<u>12,437,188</u>	Net expenditure	<u>11,441,548</u>	<u>16,657,769</u>

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED

30 JUNE 2005

2004 Actual income R	2004 Actual expenditure R	2004 Surplus/ (Deficit) R		2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (Deficit) R	2005 Budget Surplus/ (Deficit) R
11,833,077	10,500,975	1,332,102	RATE AND GENERAL SERVICE	14,418,282	11,441,548	2,976,734	263,548
11,114,950	9,482,735	1,632,215	Community Services	14,413,013	11,113,210	3,299,803	635,770
2,639,466		2,639,166	Assessment rates	2,733,594		2,733,594	2,766,391
1,007,185	2,989,394	(1,982,209)	Municipal Manager	6,496	386,818	(380,322)	(533,336)
			Corporate Services	1,683	1,350,825	(1,349,142)	(1,460,436)
			Financial Services	10,114,383	1,943,697	8,170,686	6,561,942
25,991	199,008	(173,017)	Community Services		333,624	(333,624)	(334,676)
6,184,356	1,703,303	4,481,053	Buildings	47,621	296,621	(249,000)	(432,163)
26,971	25,329	1,642	Councils' General expenses		1,457,208	(1,457,208)	(1,667,981)
483,348	1,544,757	(1,061,409)	Cemetery	28,561	35,145	(6,584)	(15,444)
17,400	275,901	(258,501)	Estates	252,375	972,516	(720,141)	(660,614)
			Public Health	5		5	70
87,676	673,379	(585,703)	Technical Services	6,260	886,996	(880,736)	(1,209,701)
294,025	545,546	(251,521)	Public Works			0	0
187	835,434	(835,247)	Refuse	315,949	801,782	(485,833)	(556,675)
348,645	690,684	(342,039)	Roads		1,082,033	(1,082,033)	(1,069,818)
			Town Planning	248,772	248,772	0	0
			Traffic Service	657,314	1,317,173	(659,859)	(751,789)
3,206	345,425	(342,219)	Subsidiary Services	5,269	328,338	(323,069)	(364,517)
0	0	0	Fire Brigade	0	0	0	0
3,206	345,425	(342,219)	Library	5,269	328,338	(323,069)	(364,517)
0	0	0	Museum	0	0	0	0
714,921	672,815	42,106	Economic Services	0	0	0	(7,705)
191,998	66,628	125,370	Licensing			0	0
522,923	606,187	(83,264)	Sewerage			0	(7,705)
0	0	0	HOUSING SERVICES	0	0	0	0
		0	Selling Projects			0	0
		0	Letting Projects			0	0
1,519,469	1,936,212	(416,743)	TRADING SERVICES	0	0	0	(38,311)
1,519,469	1,936,212	(416,743)	Water			0	(38,311)
13,352,546	12,437,167	915,359	TOTAL	14,418,282	11,441,548	2,976,734	225,237
		15,724	Appropriations for this year			607,717	
		931,063	Net surplus/(deficit) for the year			3,584,451	
		487,741	Accumulated surplus/(deficit) beginning of the year			1,418,824	
		1,418,824	ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			5,003,275	

APPENDIX F

STATISTICAL INFORMATION

1 General Statistics

	2005	2004
a) Population	74,108	74,108
All racegroups		
b) Valuation of Properties	R 8 634 400	R 8 943 000
Rateable	R 2 261 700	R 2 010 900
Non-Rateable		
c) Valuation in Zoning of Properties	R 5 071 000	R 5 071 000
Residential	R 5 410 100	R 5 410 100
Other	R 493 400	R 493 400
State		
d) Number of properties	1,007	1,007
Proclaimed erven as at 30 June 2001		
e) Number of Rated Properties		
Residential		
Commercial		
Government		
f) Assessment rates: Cent in the rand.	39.04	37.54
Land		
	95	86
e) Number of employees		

2 Water Statistics

	591	677
a) Number of users	2	344,968
b) Units purchased/purified (kl)	2	332,551
c) Units sold (kl)	0	12,417
d) Units lost in distribution (kl)	0.0	3.6
e) Percentage lost in distribution	0.00	5.82
f) Cost per unit sold (R)		

3 Sundry Statistics

	2025	2025
a) Area (square km)	24,554	24,554
b) Number of registered voters	1	1
c) Fire service - Unit		
d) Building survey	0	21
(i) Number of plans passed	R	R 4,351,500
(ii) Value of plans passed (R)		
e) Parks and Recreation	nil	1
(i) Number of developed parks	nil	nil
(ii) Nature Reserve	nil	nil
(iii) Number of swimming pools	5	2
(iv) Number of Sportsfields	5,924	
f) Licences issued - vehicle registrations	25,232	30,625
g) Library - Books issued	1	3,380
h) Cleansing - Refuse removed and dumped (cubic metres)	1	13,5
i) Roads - Kilometre roads repaired/constructed		
j) Housing -	0	0
Number of houses rented	1	1
Number of housing loans		